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Tide Water Oil Company

A brief history of the Tide Water companies

[New York]

[1914]

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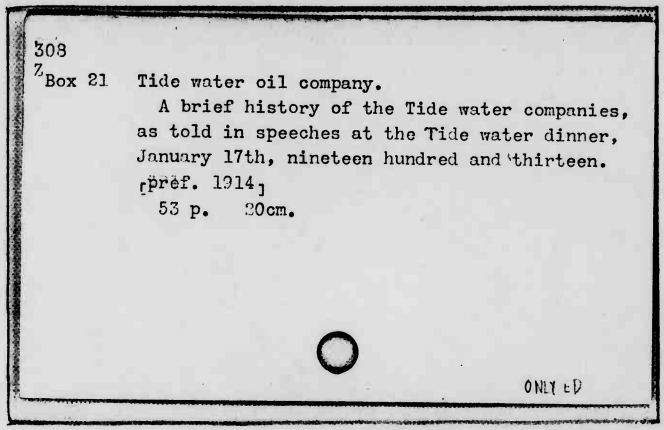

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Box 21 Tide water oil company.
A brief history of the Tide water companies, as told in speeches at the Tide water dinner, January 17th, nineteen hundred and thirteen.
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History

Tide Water Companies

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Box 21

HISTORY OF THE
TIDE WATER COMPANIES

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A BRIEF HISTORY OF THE TIDE WATER COMPANIES

AS TOLD IN SPEECHES AT THE TIDE WATER DINNER, JANUARY 17TH, NINETEEN HUNDRED AND THIRTEEN

A DINNER was given by Mr. Robert D. Benson and Mr. William S. Benson on January 17th, 1913, at the Union League Club in New York City, to the officers, directors and heads of departments of the Tide Water Oil Company and its subsidiary companies, which was attended by the following gentlemen:

J. W. Angus	Frank Haskell
Geo. F. Baker, Jr.	Francis L. Hine
C. W. T. Balsley	George A. Keeney
Byron D. Benson	G. A. Keeney, Jr.
Robert Granger Benson	L. E. Larrabee
C. H. Bickell	W. I. Lewis
Dickson Q. Brown	Elgood C. Lufkin
C. W. Burtis	David McKelvy
C. G. Dorn	Robert McKelvy
Chester A. Edwards	P. N. Miller
J. B. Edwards	Walter Miller
S. H. Edwards	C. R. Norman
Fred E. Faulkner	J. A. Pickett
N. V. V. Franchot	E. H. Shelley
A. W. Golden	Walter C. Teagle
J. E. Golden	F. S. Turbett
J. L. Gray	B. F. Warren
P. R. Gray	H. C. Williams
T. T. Gray	Geo. L. Webb
C. E. Hane	M. P. Williams
O. L. Hascy	W. H. Woolverton

Addresses were made by Mr. Robert D. Benson, Mr. Andrew W. Golden, Mr. Willis I. Lewis, Mr. Dickson Q. Brown and Mr. N. V. V. Franchot, relating the history of The Tide-Water Pipe Company, Limited, the Tide Water Oil Company and the Associated Producers Company; and these were thought to be of sufficient interest to warrant having them printed and circulated among the friends of the Company.

New York, N. Y. May 1914.

MR. BENSON SPOKE AS FOLLOWS:

This dinner has been given to celebrate—somewhat prematurely, it is true—the thirty-fifth anniversary of the organization of The Tide-Water Pipe Company, Limited, and the twenty-fifth anniversary of the organization of the Tide Water Oil Company; for the Pipe Company was organized in November, 1878, and the Oil Company in November, 1888.

As there are many here tonight who were not connected with the Tide Water interests in those early days and may not be familiar with the history of the Company, I will sketch the story and also tell something of the persons most prominent in organizing The Tide-Water Pipe Company, and the events that led up to its organization.

Byron D. Benson and Robert E. Hopkins were farmers' boys, born and raised in the adjoining towns of Fabius and Pompey, Onondaga County, New York. They were only slightly acquainted until 1849, when my father, at the age of seventeen, decided to leave the farm and go West to seek his fortune, and Mr. Hopkins, aged sixteen, agreed to accompany him. They travelled as far as Illinois, then one of the Frontier States, but found no place they wished to settle, and it was not long before they were home again. Later, both boys having inherited a little money from their fathers, they bought a stave-mill in Oswego County, New York, and operated it for a year or so. They must have been successful, for in 1854 they went into the lumber business on a larger scale. In that year, when my father was a little over twenty-one and Mr. Hopkins had not yet reached that age, they built a saw-mill on Oneida Lake, near Brewerton, New York. This was a business of considerable importance, for in addition to the mill they bought a good-sized timber tract

and a steamboat for towing the logs and transporting the lumber on the lake and river flowing from it. Times were troublous, and their capital was not enough to carry on the business successfully. I believe they did not actually fail, but they made debts which it took them many years to pay.

About 1857 Mr. Hopkins left the firm and went to work for his brother-in-law, who was a merchant at New Orleans. In 1860 my father was elected Sheriff of Onondaga County, and served from January 1st, 1861, to December 31st, 1864. When the war broke out, Mr. Hopkins left New Orleans and returned to Brewerton, and in September, 1862, he entered the army as Captain of Company H in the 149th Regiment of New York Volunteers. At the battle of Chancellorsville he was taken prisoner and sent to Libby Prison. He was finally exchanged, and on account of ill health was discharged from the army July 3rd, 1864, with the rank of Major.

When my father's term as Sheriff expired, he and Mr. Hopkins were again ready to enter business together, and in April, 1865, they came to Pennsylvania and located at the village of Enterprise, about five miles east of Titusville. Their experience at Brewerton had shown the necessity for a larger amount of capital than they possessed. They therefore organized the Enterprise Oil & Lumber Company, with a capital of $200,000, in which a number of their friends living in the neighborhood of Syracuse and Albany took stock. This was in the days of the Pithole excitement, and people everywhere were buying shares in the numerous oil companies. The new company was expected to produce both oil and lumber from a large timber tract which it purchased. Seventeen dry holes were drilled, one after another, before oil was found in paying quantities, but the profits from the mill kept the company going. The mill and timber tract

had been bought from Myron Waters, an old-time lumberman; and Mr. David McKelvy, then a young lawyer in the office of Judge Schofield at Warren, was employed by Mr. Waters to draw the papers. In this way he met my father and Mr. Hopkins. They evidently made a favorable impression, for he expressed a desire to go into partnership with them when an opportunity offered. In 1870 a partnership under the name of "D. McKelvy & Company," in which my father, Mr. Hopkins and Mr. McKelvy were equal partners, was formed for the purpose of producing petroleum. The new firm secured a property in the district called "Colorado," a little east of Enterprise, which paid handsomely; and from it they made what they considered moderate fortunes.

About 1874 the various small Pipe Line Companies which had heretofore existed for gathering oil from the wells and transporting it to the railroads were being combined into a large system by the United Pipe Line Company, of which Captain Jacob Vandergrift was the head. Up to this time the transportation of crude oil from the producing fields to refining centers such as Pittsburgh, Cleveland, Philadelphia, Baltimore and New York, was done entirely by the railroads, and the oil traffic formed a very profitable part of their business. The Standard Oil Company, which had begun in a small way, was now recognized as the leading company in the trade and had acquired a controlling interest in Captain Vandergrift's pipe line system. The new Butler County Development was showing large, and crude oil, which sold as high as $2.75 in January, 1873, had fallen to 82c. per barrel in December of that year. The producers were restless, feeling that the profits which they had heretofore been making were now in large measure going to the transportation and refining interests. In April, 1874, Dr. David Hostetter, who as proprietor of "Hostetter's

Stomach Bitters" had made a fortune by selling cheap whiskey mixed with wormwood, began the construction of a three-inch pipe line from Millerstown, Butler County, to Clairview, near Pittsburgh, a distance of thirty-five miles. This line had a capacity of 3,500 barrels per day, and was intended to pump oil direct from the wells to the refineries in Pittsburgh, thus eliminating railroad transportation. It had, however, to cross the West Penn Railroad, a branch of the Pennsylvania system, and when the pipe was laid across the railroad it was promptly torn up by the railroad officials. This was before the days of the Free Pipe Line Act which gives pipe lines, like railroads, the right of eminent domain, and Dr. Hostetter found his line cut in the middle and the $400,000 which he had invested tied up very effectually. Mr. J. G. Benton, who had been a producer in Venango County, lived at Titusville, and was a friend of Messrs. Benson, Hopkins and McKelvy. Mr. Benton was of a mechanical turn of mind and very fertile in new ideas. He conceived the idea that Dr. Hostetter's line might be made valuable even at the expense of carting oil from tanks on one side of the West Penn Railroad, dumping it into tanks on the other side, and then pumping it on to Pittsburgh. As there was a highway close by the point where the line was broken, which could not be blocked by the railroad, this scheme was quite feasible. Mr. Benton had no capital of his own to invest, but he interested D. McKelvy & Co., and the result was that they, together with some associates, leased the Columbia Conduit Company's line from Dr. Hostetter in May, 1875, and in June two tank wagons of 1,000 gallons capacity were hauling across the break 5,000 barrels of oil per day.

When Dr. Hostetter first built his line, there were a number of refineries in Pittsburgh anxious to obtain crude from it, but by the time the line was actually in operation,

all of these refineries had been purchased by the Standard Oil Company, and there was no market for the oil. My father was not daunted by this seemingly great obstacle. He knew that at Baltimore there was a refinery anxious to get a cheaper supply of crude, and that the Baltimore & Ohio Railroad would be glad of a chance to secure some of the profitable oil traffic, but this outlet was soon closed by the Standard offering the railroad company a more profitable arrangement. The Chesapeake & Ohio Railroad reach the Ohio River at Huntington, West Virginia. In 1870 my father had met Mr. Collis P. Huntington, the virtual owner of the road, and established pleasant personal relations with him. It was therefore easy to make an arrangement by which oil would be transported from Huntington by the C. & O. to Newport News. Bulk barges were chartered and the oil was floated several hundred miles down the Ohio, in nearly the opposite direction from its final destination, and then shipped east from Huntington. From that time until the line was sold to the Standard in the fall of 1877, the Columbia Conduit Company made large profits for its owner and lessees. If I remember rightly, the terms of the lease provided that the lessees should furnish the working capital and have 25% of the profits, Dr. Hostetter furnishing the capital required for new construction. I think the lease was for ten years, and my impression is that when Dr. Hostetter sold out to the Standard he obtained a million dollars for his property, of which he gave $250,000 to the lessees for releasing their contract.

In 1876 Henry Harley, who had had an arrangement with the Erie Railroad by which he made a large amount of money in the transporting of oil over its lines through a company known as the Pennsylvania Transportation Company, conceived the idea of building a pipe line from Brady's Bend to Philadelphia or Baltimore. This line

was known as the Seaboard Pipe Line. He employed as engineer General Hermann Haupt, who at the outbreak of the Civil War was the engineer in charge of the construction of the Hoosic Tunnel, and during the war served as Chief of Engineers with the Army of the Potomac. A survey had been made and rights-of-way obtained when, in the fall of 1876, the Pennsylvania Transportation Company and Harley failed disastrously.

D. McKelvy & Co., with the experience they had had in operating the Columbia Conduit Company, felt that there was more money to be made in transporting oil than in producing it. They therefore secured the rights of Harley and his associates in the Seaboard Pipe Line and put $125,000 of the money obtained from the sale of their lease of the Columbia Conduit Company into buying this line and perfecting its right-of-way from Brady's Bend to Baltimore. A site for a refinery was selected at Sparrow Point, Maryland, where the Great Maryland Steel Company now is, and a campaign was made to raise funds to build the line, but a trunk line competing with railroads was a new proposition. Capital was timid, and the producers who were interested in having an additional market for their crude had but little money to invest. About this time the Butler County fields began to fall off rapidly, while the great Bradford field was looming up as the coming oil center. After spending about a year in vainly endeavoring to raise capital sufficient to build the Seaboard line, it was decided to abandon the scheme temporarily and to build a line starting from the Bradford region. The Philadelphia & Reading Railroad ran from Williamsport, Pennsylvania, to Philadelphia, but naturally had no oil traffic. Mr. Franklin B. Gowen, an eminent Philadelphia lawyer, was in 1878 the President of the Reading Railroad. He was what would be termed at this time a "Progressive," and was engaged in a bitter

war with the Pennsylvania Railroad. Through an old Quaker, Mr. John P. Townsend of Philadelphia, my father met Mr. Gowen and interested him in the project of building a six-inch pipe line from the Bradford region to Williamsport, utilizing the Reading Railroad and its connection the Jersey Central for delivering the crude from that point to New York and Philadelphia. Mr. Gowen agreed that if the remaining capital could be raised the Reading Railroad would invest $250,000 in the stock of the new company. The result was that The Tide-Water Pipe Company, Limited, was organized in November, 1878, with a capital of $625,000, only $500,000 of which was in cash, and the remaining $125,000 was represented by the rights-of-way of the Seaboard Pipe Line, which were never used. The new company was organized under the Limited Liability Partnership Act of Pennsylvania, as at that time there was no power to organize a Pipe Line company in Pennsylvania under any other law. All pipe lines previously operating having been organized by virtue of special charters, and the Pennsylvania Railroad being in control of the Pennsylvania Legislature, it was impossible to obtain another pipe line charter.

On November 13th, 1878, Byron David Benson, Hascal Ledger Taylor, Alanson Ashford Sumner, David McKelvy, David Boyd Stewart, George Hill Graham, Joseph Henry Simonds, Louis Henry Smith and Benjamin Bakewell Campbell, met in the old offices of D. McKelvy & Co., on the third floor of the Ralston & Harrington Building, in Titusville, and signed the organization papers. Later these papers were signed by seventeen others, almost all of whom were actively engaged in oil producing. Of the number only five are still living, two of whom (D. McKelvy and D. O. Wickham) still remain stockholders in the Company. The first five members signing

the organization papers were Byron David Benson, Hascal Ledger Taylor, Alanson Ashford Sumner, David McKelvy and David Boyd Stewart. Two of these men (Taylor and Stewart) afterwards proved traitors to their associates and did their best to ruin the Company, but the other three were prominent in the enterprise as long as they lived or their health permitted.

In this connection, I want to tell a story of Mr. Sumner. When he was a boy, he lived with an uncle for whom he was named, Alanson Sumner, of Albany. Mr. Sumner, Sr., at that time was one of the prominent citizens of Albany, and he did not care to have his young nephew confused with him by reason of bearing the same name. He therefore suggested that the young man add a middle initial to his name, which he did, taking the first letter of the alphabet. This, however, did not represent any name. When the Tide-Water Pipe Company was organized, somebody decided that the law required the papers to be signed by the full names of the organizers, and therefore all of the gentlemen who laid claim to three names signed them in full. Mr. Sumner at first did not know what to do, but remembering that his grandfather had come from the town of Ashford, Connecticut, immediately adopted that as his middle name.

At the time the new company was organized, Hascal L. Taylor was at the head of the largest producing company in the Country. Before coming to the oil regions he had been a wagon manufacturer at Fredonia, New York. As I remember him, he was a handsome man of about fifty, with nearly white hair, a bald head and smooth face, short and stout, his figure similar to that of my father; but he had the morals of a mediaeval baron, and I think it is doing him no injustice to say that he ruined morally all the men who came under his influence. David Boyd Stewart was a bright young man who had been Secretary

of the Columbia Conduit Pipe Line. He was ambitious, extravagant in his habits and too fond of good living. As a result, he fell an easy prey to Taylor and acted the part of Judas to my father and his associates.

The organization of the new company having been completed, work was immediately begun laying the line from Coryville to Williamsport and was prosecuted through an unusually severe winter, much of the way being through an almost unbroken forest lying many miles from a railroad. Mr. Golden will tell you of the difficulties which this work entailed, for he took an active part in the construction of the line and knows better than anyone now living the difficulties which it involved and to whom the credit for the successful completion of the work was due. It is enough for me to say that the line was completed in May, 1879. At that time I was a boy in the Titusville High School, and I well remember four boys, whose fathers were actively connected with building the line, obtaining permission to leave school for a few days to see the oil turned on at Coryville and follow it to the terminus at Williamsport. These boys were E. C. Lufkin, now Vice-President of the Texas Company, O. L. Benton, son of the late J. G. Benton, my brother, and myself.

The successful completion of the new line, however, was by no means the end of the difficulties which faced the promoters. It had been expected that the line would act as a common carrier, receiving the oil from the producers and delivering it to refineries located in New York and Philadelphia, in the same manner as the railroads were doing. At the time the company was organized, there were seven refineries about New York Harbor, all of which were anxious to obtain oil from the new pipe line. When it was ready to deliver oil, only one independent company remained, the other six having been

bought by the Standard. The lone survivor was Lombard, Ayres & Co., and even they were not ready to receive oil, for their plant, which was located on the Hudson River at 66th Street, had recently been condemned by the New York Central Railroad Company. It therefore seemed evident that if the new line was to be a success it must have a sure market for the crude which it was to transport. To this end it was decided to build refineries. Accordingly, one was located at Thurlow, on the Delaware River below Philadelphia, and known as the Chester Oil Company, and a little later another was established at Bayonne, New Jersey, and called the Ocean Oil Company.

The greatest difficulty to be overcome was taking care of the flood of crude poured out in the rapidly developing Bradford oil region. Never before had such a prolific field been struck. Of the thousands of wells drilled, almost none proved dry; and following the example of the Standard lines, it was necessary for the new company to run the producer's oil as often as his tanks were full and pay him for it at the exchange market price, any business day between the hours of ten and three. This required tying up in tankage and crude an unexpectedly large amount of capital. The company was without credit and D. McKelvy & Co. endorsed its paper to an amount many times what the firm was worth. It was at this period (1880) that Mr. S. Q. Brown gave up his business as a merchant and banker at Pleasantville, Pa., and became actively interested in the affairs of the Company.

Mr. Brown was a born financier, but he had also had a considerable experience in banking and in promoting oil companies in the early days when the producing center was on Oil Creek. He was one of the organizers of the Company, but for the first year had no active part in its operation. In the spring of 1880 he was appointed

Financial Agent, with headquarters in Philadelphia, and devoted his time to raising the funds necessary to carry on the business. He succeeded in establishing the Company's credit with the Fidelity Trust & Safe Deposit Company, the Central National Bank and Messrs. Charles Smith & Sons of Philadelphia. Through these institutions much of the Company's paper was floated, using oil certificates representing oil in storage as collateral. In this same year a new capitalist became interested in the Company's affairs, and though he has been greatly condemned by the Press, he was always a staunch friend of The Tide-Water Pipe Company. I refer to Mr. James R. Keene. Mr. Keene was a Californian, and Mr. Sumner had been to California as one of the Argonauts in 1850. I think Mr. Sumner did not know Mr. Keene in those days, but the fact that they had both seen much of California life created a bond of sympathy, and Mr. Sumner was able to induce Mr. Keene to invest $250,000 in the stock of the Ocean Oil Company, and also to form a syndicate to loan the Company $275,000. It was not, however, until 1882, when Mr. George F. Baker and his associates became interested, that The Tide-Water Pipe Company could be said to be "well upon its feet." In October of that year a contract was entered into with a syndicate, headed by Mr. Baker, by which $825,000 of 6% bonds and $1,375,000 of Certificates of Loan, which had no voting power but were entitled to the same dividend as was paid on the common stock, were sold. The contract was to go into effect when $1,100,000 certificates were subscribed for, which were taken as follows: George F. Baker, $162,000; S. Q. Brown, $150,000; James R. Keene, $183,000; H. C. Fahnestock, $100,000; J. A. Garland, $100,000; John S. Barnes, $80,000; W. E. Connor, $50,000; Charles Francklyn, $50,000; George S. Scott, $50,000; George

S. Scott & Co., $50,000; George F. Baker, Trustee, $125,000. Few men have profited as these did by their faith in a new enterprise and its promoters, for their investment up to the present time has paid more than 2000% in dividends, and their holdings, now merged in the stock of the Tide Water Oil Company, are worth today probably fifteen times the original investment.

The hardest trial for my father and his associates was yet to come. The annual meeting of the Company was held in January and its fiscal year ended with December. At the meeting in 1882, the management was criticized for not presenting statements showing the business for the past year. In 1883 the annual meeting was to be held on January 17th, but as David Stewart, the Comptroller, had stated that it would be impossible to have the desired statements prepared by that time, it was agreed that the meeting should be adjourned until a later date. Mr. McKelvy, Mr. Perrin (one of the Managers) and David B. Stewart were at Titusville and were expected to open the meeting and then adjourn it. At the stated time there appeared H. L. Taylor, John L. McKinney, T. S. McFarland, E. G. Patterson, D. B. Stewart, George A. Berry, and John Satterfield. By Viva Voce vote, which was contrary to the regulations of the Company, Satterfield was chosen Chairman, and Stewart the Secretary, of the meeting. Mr. McKelvy protested against the proceedings, but the Chairman decided against him, though he permitted his protest to be recorded. Mr. McKelvy moved that the meeting adjourn, but the Chairman ruled him out of order. The meeting then proceeded to elect Managers, Taylor and Berry being appointed tellers. The vote being taken, all of the proxies held by Mr. McKelvy were thrown out, and the tellers declared John Satterfield elected Manager and Chairman, Thomas S. McFarland, Manager and

Treasurer, D. B. Stewart, Manager and Secretary, and Franklin B. Gowen and James R. Keene, Managers.

The Company's Minute Book was taken by Stewart from the safe where it was kept and carried to Mr. McKinney's office, where the minutes of the meeting were written. The next morning the party came again to the office building, and on being refused admittance to the Company's offices, they held a meeting in the hall of the building, but the proceedings of this meeting were never recorded in the Minute Book.

I was with my father in New York, at the time, and I remember Mr. McKelvy's telegram coming over our direct wire to the Company's office in the old Boreel Building at No. 115 Broadway, and the effect it produced on my father and the others interested. I also remember Mr. Keene's coming to the office, pacing up and down like a caged tiger, cursing everybody connected with the Company and calling them all a set of "lunk-heads," but at the same time full of fight and determined to stand by his associates to the bitter end. It was decided that at all costs the offices of the Company must be held by the old management, and though it was thought no attempt would be made to take the New York office, I recall that Mr. Keene wrote a note to his friend Inspector Byrnes, who was then at the head of the New York Police Department, asking for detectives to guard the premises. I also vividly recall the appearance of the Titusville office when my father and I reached there a day or two later. There was no elevator in the building and the offices were on the second and third floors. The main stairway was barricaded with heavy planks and guarded by a force of men, among them "Nigger Wilson," a colored giant of great strength, but of so mild a disposition that he would not hurt a fly. The enemy, however, made no attempt to take the offices, contenting themselves with

carrying the case to court. The trial was not until Fall, when the argument before Judge Church at Meadville was made for the old management by Mr. F. B. Gowen and Messrs. John C. Bullitt and Samuel Dickson, the latter two being Philadelphia's most prominent law firm. All of the officers and employes who were not at Meadville were anxiously awaiting the verdict, which was announced in a telegram from Mr. Benton, reading: "Thank God, a just judge reigns in Crawford County," which meant that Judge Church had declared the pretended election void. This decision was afterwards confirmed by the Supreme Court of the State. At their next meeting after the case was decided the Managers declared the minutes of the meeting of January 17th expunged. The pages of the Company's Minute Book on which they were written were sealed, and I never read them until 1907 when the Government, in its suit against the Oil Companies, was investigating the standing of The Tide-Water Pipe Company. I was on the stand in the Courtroom at the Post Office Building in New York City, and was directed by Mr. Kellogg, the Government Attorney, to break the seals and read the minutes.

Since the fight for control in Titusville in 1883, the success of the Company has been unbroken. Of the large earnings in the early years the greater part was reinvested in the business, so that the present magnitude is largely the result of a conservative policy in the payment of dividends.

My father was President of the Company from its organization until his death in February, 1888. He was succeeded by Mr. McKelvy, who held the office until July, 1893, when he retired because of a stroke of paralysis suffered in the August preceding. He was succeeded by Mr. Brown, who remained President until 1908 and then retired by reason of poor health, and I was elected President.

In November, 1888, the Tide Water Oil Company was organized, taking over the Chester Oil Company, the Ocean Oil Company, Polar Oil Company and Lombard, Ayres & Company. The Reading Railroad having sold its stock interest in the Pipe Company in 1887, there was no longer any reason why it should be given a share in the transportation of crude oil, and the pipe line, which had in 1881 been extended from Williamsport to Tamanend, Schuylkill County, Pennsylvania, was in 1888 again extended from Tamanend to Bayonne.

In 1907 a reorganization of the company took place. The stock of the Tide Water Oil Company heretofore held by The Tide-Water Pipe Company, Limited, was increased from $5,000,000 to $24,000,000, of which $20,000,000 was distributed to owners of stock and loan certificates in the Pipe Company and $4,000,000 was sold to provide funds for increasing the business.

In 1908 the producing field of McKean County had grown so small that it was decided that a sufficient supply of oil could no longer be obtained from this district, so the Pipe Line was again extended from Rixford to Stoy, Illinois, a distance of 540 miles, the total length of the main trunk line now being 828 miles.

When The Tide-Water Pipe Company, Limited, was organized, the oil business was thought to be short-lived, and much of its construction was as cheap as was possible to give good service. No one then expected that 35 years later its business would be much greater and more profitable than was ever dreamed by its organizers. The lasting success of the Company has been due not only to the courage and far-sightedness of the men who overcame all obstacles in raising capital and building the line but to the conservative policy of the Company in reinvesting in its business each year a considerable part of its earnings.

There now seems to be no good reason why the Company should not continue to grow for another 35 years, if the policy of the fathers is continued, for we now know that deposits of petroleum are almost as widely distributed as coal, and if it cannot be found in one field, it will be in another. If, in the course of time, the Pipe Line extending to the middle West cannot be utilized to its full capacity, it is reasonable to believe that the Tide Water Oil Company, with its great refining plant located on New York Harbor and its splendid organization of talented and loyal men, will be able to secure its supply of crude by water transportation and will continue to earn good dividends for its stockholders long after the present management has joined those able men who have gone before.

THE NEXT SPEAKER WAS MR. A. W. GOLDEN, GENERAL SUPERINTENDENT OF THE TIDE-WATER PIPE COMPANY, LIMITED

My connection with pipe line work dates from the summer of 1875, when I was temporarily employed at the village of Montrose, Allegheny County, Pa., as telegraph operator of the Columbia Conduit Company owned by Dr. Hostetter of Pittsburgh. Oil came to that point through a three-inch pipe line, was hauled across the West Penn Railroad in tank wagons, and then pumped through a four-inch line to Pittsburgh. The reason for this peculiar arrangement was that Dr. Hostetter, after constructing his three-inch pipe line from Millerstown, Butler County, to Montrose, within ten or twelve miles of Pittsburgh, was unable to arrange with the railroad to cross its tracks, and this seemed so essential that the line was not used until Mr. J. G. Benton conceived the idea of hauling the oil across the tracks in tank wagons. He suggested to Messrs. B. D. Benson, David McKelvy and R. E. Hopkins, oil producers of Titusville, Pa., that they lease the pipe line and operate it in this way, which was done, and Mr. Benton was placed in charge as Superintendent.

While employed in Pittsburgh later I met Messrs. Benson, McKelvy and Hopkins, and was fortunate in being able to render them and Mr. Benton satisfactory service. The Tide-Water Pipe Company, Limited, was organized by these gentlemen on November 28th, 1878, and I was told that when they were ready to begin work I could come with them if I cared to do so. I gladly accepted, and reported for duty at the Tide-Water office in Titusville on the morning of January 26th, 1879—34 years ago. I recall stopping at the Parshall House

while in Titusville. A dancing school for children was in session in one part of the hotel, and while I looked on, some of the present managers of the Tide-Water Company were pointed out to me as participants in the dancing.

Mr. Benson, the President, and Mr. Benton, the General Superintendent, of the Tide-Water Company were not in Titusville at the time, but I saw Mr. McKelvy and Mr. Hopkins. The former told me of the new organization and said that its purpose was to construct a six-inch pipe line from Coryville, McKean County, to Williamsport, Lycoming County, Pa.; that they expected to get their oil from the Equitable Pipe Line Company, then gathering oil in the Bradford field and pumping it through about seven miles of four-inch pipe line to Frisbee, Pa., where it was loaded in tank cars. Mc McKelvy suggested that I go to Williamsport where Mr. Benton had temporary headquarters, and help him in any way that I could. I left Titusville for Williamsport that evening; my ticket cost $8.37, and this was my first expense bill against the Tide-Water Pipe Company, Limited. The train reached Williamsport about midnight, and I recall that Mr. Benton, who had been out of town during the day, returned by an earlier train and waited up for me at the Hepburn House. This is mentioned as characteristic of the man.

On January 27th, 1879, arrangements were made with Mr. W. B. Updegraff, propietor of the Hepburn House, to partition off a corner on the ground floor of his hotel; and there an office was established from which Mr. Benton began to direct the construction of the **pioneer six-inch trunk line for the transportation of Crude Petroleum.** The location of the office proving undesirable, it was later moved to a place where the telegraph instrument was out of reach of eavesdroppers.

Pipe, fittings, machinery, tanks and tools for the new

line had been ordered, and work of cutting out the right of way and clearing the sites of the two pumping stations was under way when I arrived. Tank cars for shipping oil from Williamsport had also been arranged for, and a telegraph line between Coryville and Williamsport was being constructed under contract by W. H. Weed. This telegraph line was brought into Williamsport early in February, and was later connected through to Bradford and Titusville on the west, and Philadelphia, Thurlow, Bayonne and New York on the east, with wires purchased from the Western Union Telegraph Company. The active work of laying the pipe and building the pumping stations was looked after by C. F. Lufkin in charge of the Western Division and H. C. Beamer in charge of the Eastern Division, the total length of the line being 102.87 miles. Both pumping stations were located in the Western Division—No. 1 Station at Coryville and No. 2 Station at Olmsted, the distance between being 22.43 miles. From No. 2 Station to the site selected for the terminal at Williamsport was 80.44 miles. The country between Olmsted and Williamsport is rough and mountainous, and was at that time densely covered with timber. When it became known that No. 2 Station was expected to pump oil for a distance of more than 80 miles through such country, bets were made by intelligent men that it never could be done. Because of the extra work involved in looking after the building of the two stations, and the rough country at its eastern end, Mr. Lufkin was soon relieved of work in that part of his section, and Stephen Roof was put in charge.

The pipe was furnished by the Reading Iron Company and the National Tube Works. It was of wrought iron and weighed 18½ lbs. to the foot. Mr. Benton wanted the threads to be 11½ to the inch, which satisfied the Reading Iron Company, and they made a few miles of pipe with this thread which is still in the line near Wil-

liamsport. The National Tube Works, however, claimed that this was not mechanical and refused to make anything but 8-thread pipe; therefore 8-thread pipe was accepted as standard, and the Reading made the balance of their order to conform. A test of the two threads was afterwards made by Reihle Bros. of New York, the result being that the 11½ thread pipe with a taper of ¾" to the foot stripped under a tensile strain of 204,675 lbs., while the 8-thread pipe broke at the thread without stripping at 150,000 lbs.

The Reading Iron Company began shipping pipe January 30th and the National Tube Works on February 12th, 1879. The shipping points were Williamsport and Newberry on the Reading; Linden, Jersey Shore, Hyner and North Bend on the Philadelphia & Erie; Keating Summit, Port Allegany and Turtle Point on what was then the Buffalo, New York & Philadelphia Railroad; and Frisbee on the Buffalo Creek Railroad. The Fall Brook, the Buffalo & Susquehanna, and the Coudersport & Port Allegany railroads, all of which now run closer to the line than those first mentioned, were not then in existence. Jersey Shore, Hyner and North Bend were from 7 to 13 miles from the nearest point on the pipe line, and much of the pipe had to be hauled 20 and 30 miles over mountainous and frequently unbroken roads in severe winter weather. The railroads did not exert themselves to hurry the pipe forward, and it was often difficult to keep supplied the teams hauling it to the right of way; therefore men were put on the road to follow shipments through to their destination, and the work progressed more rapidly.

The first pipe in the new line, 34 joints, was laid by H. B. Beamer near Oleona, the site of Ole Bull's Castle, in Potter County, Pa., on February 22nd, 1879. The work of putting the pipe together was new to the men, and at first progress was slow, but it is remarkable how well it

was done, as the line when completed was practically tight. On March 27th, John Stevens' gang laid 151 joints; on April 29th, Dave Rearick's gang laid 175 joints; on May 6th, Steve Roof's gang laid 228 joints; and on May 12th, Alex Stephenson's gang laid 275 joints. This was the high record, and a photograph was taken of this gang while at work. The joints of pipe averaged only 17½ ft. in length and did not cover miles as rapidly as does the pipe laid to-day which averages from 21 to 22 ft. This being the first job of laying any considerable quantitiy of six-inch pipe, tools suitable for putting it together economically were not available, and tongs, pipe jacks, jack boards and swabs had to be designed. The pipe tongs in general use to-day are simply a modification of those used in laying the original Tide-Water line. Specifications had to be worked out for six-inch fittings such as gate valves, flange unions, tees and ells that would stand the high pressure required, and this was so well done that some of these original fittings are still in use after 34 years of almost continuous service. To Mr. Benton and Mr. McKelvy belongs the credit for designing most of this special work, and they had valuable assistance from Mr. Holly, then President of the Holly Mfg. Co. of Lockport, N. Y. His company furnished all the original six-inch gate valves and a part of the high pressure flange unions, the Jarecki Mfg. Co. of Erie, Pa., furnishing the balance.

There was doubt about the railroads being friendly toward the new transportation company, and to decide the question, on February 28th, 1879, the pipe was laid through a culvert under the tracks of the Northern Central Railroad at Bottle Run, near Williamsport. The response was prompt. A gang of men was sent to that point, a locomotive hitched to the pipe, and the line was broken and dragged out of the culvert by four o'clock the next morning. An injunction was applied for through the late

Hon. R. P. Allen, an attorney of State-wide prominence, who then and later served the Company well. Hon. H. C. Parsons, another attorney of prominence, represented the railroad at the hearing before Judge Cummings who granted an injunction against further interference with the pipe line. The pipe was re-laid through this culvert on the 13th of March, 1879, and still remains there. The last connection in the completed line was made in what is called the long cut-off near Corbett Station on the B. & S. R. R. on Wednesday, May 22nd, 1879. There were no gold or silver tools used, and no celebration, as it was not then realized that this 22nd of May was an eventful day and that this pioneer pipe line would ultimately benefit the entire world.

While the pipe was being laid, the pumping stations at Coryville and Olmsted had been built and were ready for use when the line was completed. The pumping machinery furnished by the Holly Mfg. Co. consisted of A-frame triplex pumps direct connected to horizontal engines geared to the pumps in the ratio of 2½ to 1, this being a distinct departure from the direct acting pumps then in general use for pumping oil. Mr. Benton had discovered, while in charge of the Columbia Conduit pipe line, that the direct acting pump was not economical because it did not use steam expansively, and he advocated a pump driven by a separate engine, which would utilize the expansive power of the steam. He also advocated a triplex pump, the three plungers to be driven by a crank shaft so arranged that each plunger would begin its downward or pressure stroke an instant before either of the other plungers had begun its upward or idle stroke, thus obtaining uniform pressure and preventing the jar at the end of each stroke of the direct acting pump. His recommendation was approved, and the Holly Mfg. Co. made one of these triplex pumps with separate engine and installed it at the

Millerstown Station of the Columbia Conduit Co. The original castings for the valve chests and cylinders proved so porous that the oil came through in streams. Mr. Holly, who was present when the pump was started, remarked that it was his first actual knowledge of the meaning of the word "pressure." The test, however, proved that Mr. Benton had the right idea, and accounts for the selection of this style of pump for the Tide-Water stations.

The cost of installation was considerable, because of the large space occupied by the frame of the pumps, and when more oil was required as refineries were built or enlarged, the repair cost due to overload was high, for a time, but the chief trouble came from faulty data concerning the endurance of cast iron under continuous strain. When this was understood and parts were made adequately strong, the cost of repairs was greatly reduced. For many years the Tide-Water line had the distinction of pumping oil at a lower fuel cost, as well as at less cost per barrel, than any other pipe line, and the three stations still equipped with this style of pump compare favorably in steam economy with those using more modern machinery.

At 4 P. M. on May 28th, 1879, the President, Mr. B. D. Benson, started the pumps at Coryville. Oil reached Olmsted at 10.18 A. M. May 30th, with a line pressure at Coryville of 315 lbs. Olmsted started pumping at 3.20 P. M. May 30th, and when the oil reached a point 43 miles distanct from the station the pressure had risen to 280 lbs., indicating something other than oil in the line. The pumps were shut down and the line opened, when there were found wedged in a joint of the pipe a piece of wood 3 ft. 6 in. long, a piece of rope 7 ft. 6 in. long, and several stones. Whether they were placed there by someone with malicious intent, as there was reason to suspect, or were carelessly left by the men who laid the line, will probably never be known. The line was cleared and connected,

and Olmsted started pumping again at 5 o'clock in the afternoon of June 2nd. At 7.20 P. M. on June 4th oil began flowing into one of the two terminal tanks on the Daniel Thomas farm 1½ miles east of Williamsport. From these tanks the oil was run by gravity through 12,700 ft. of 8" pipe to the loading racks at the Reading Railroad and thence into tank cars. The items of cost per foot for the pipe line were as follows: freight $.05277, hauling $.064, joining together $.03822, total per foot cost $.15499. Wages averaged: gang foremen, $1.75, tongmen $1.50, common labor $1.25 per day with board in all cases. During the ensuing year, ending May 28th, 1880, 1,097,761.06 bbls. of oil were pumped through the line to Williamsport, of which 943,483.02 bbls. were shipped to eastern refineries. The pipe line idea conceived in 1878 had been worked out and proved practical.

At first the line was not buried except where it crossed cultivated lands, that laid through timber being protected from falling trees by logs laid on either side parallel with the pipe. This arrangement proved fairly satisfactory during the cooler weather; but when the hot weather came we had an object lesson as to the meaning of expansion. The line seemed to be everywhere except in its proper position; telegraph poles and small trees that were fifteen to twenty feet distant when the line was laid were pushed over by it, and in places it obstructed the highway. I do not recall that this expansion caused any serious breaks, but the danger was so imminent that it was decided to bury the line. This proved advantageous in regulating the temperature and flow of oil in both summer and winter. It however increased the deposit of paraffine, which soon impeded the flow. The solution of this problem came from a suggestion of Mr. Benton's which was worked out by Mr. B. F. Warren, that a scraper might be pumped through the line with the oil. Experiments resulted in the line scrapers in general use to-day.

In 1880 the Equitable Pipe Line was absorbed by the Tide-Water, the Coryville pumping station moved to Rixford, and the four-inch line between Rixford and Coryville replaced with six-inch and connected with the line to Williamsport. In the winter of 1881-2 the six-inch line was extended from Williamsport to Tamanend and new pumping stations were built at County Line, Muncy and Shumans. In 1887 the line was again extended from Tamanend to Bayonne, N. J., and new stations were built at Hudsondale, Pa., and Changewater, N. J.

A number of the right-of-way grants for the original line were conditional. For instance, that of the Hon. A. G. Olmsted, afterwards President Judge of the McKean and Potter County Courts, was on condition that we should maintain in Coudersport, Pa., a telegraph office for commercial work. This was done, although it entailed four miles of looped line, an operator, and an arrangement with the Western Union Telegraph Company to handle the business. Other grants required that the pipe be laid in a particular place, and still others required that the pipe be laid before a fixed date. A few also had been signed but not acknowledged because of the remoteness of the grantor from a Justice or notary. Our competitors did not view with complacency the building of the new line. As may be inferred, the chief of these were the Standard Oil Company and the railroads. These people tried hard to prevent its completion; their agents made themselves familiar with the terms of conditional grants as shown in the County records, learned about some that were not recorded, and bought options on the farms where they believed it would be difficult to meet the terms of the grant. That they were unsuccessful in their efforts to block the line is due largely to the ability and constant watchfulness of the engineers in charge, Messrs. B. F. Warren and the late H. F. Northrup, and to their friendly relations with the land owners and farm tenants along the route.

One incident that I recall is that a grant had been signed but not acknowledged by a Mr. Peet. The law required that this grant be entered for record within a certain time; failure to do so amounted to forfeiture in the event of a change of ownership of the farm. On the day before the time allowance expired, Mr. Warren received a quiet hint that this Peet farm had been sold. He found that the unrecorded grant was with others in Williamsport, and asked to have them sent to him on the first train. I acted as messenger. There was no through train, and it was necessary to leave Williamsport at 7.10 A. M., go to Emporium Junction and wait for a train that reached Port Allegany late in the afternoon. By the time I had my supper at Port Allegany it was dark, and a 17-mile drive lay ahead of me. Alex Stephenson, one of the gang foremen, had arranged for a good team and went with me to Coudersport over a very muddy road. Warren met us, with a notary, about three miles out from Coudersport, identified the grant he wanted by the light from his cigar, drove to Peets, obtained his acknowledgment and got back in time to enter the paper for record a few minutes before midnight, having arranged with the Recorder to wait for him. This was my first meeting with Warren, and if Stephenson had not been with me and known him, I doubt whether I would willingly have given up the paper. I had a revolver with me and for the first time was suspicious of all strangers.

The grant of the Bingham lands, a tract several miles across and thirty miles from the nearest shipping point, required the pipe to be laid before a certain date. There was reason to believe that an extension would be granted, up to within about fifteen days of the date of expiration. Then Mr. Robert Simpson, of Wellsboro, Pa., agent for the estate, sent word that his people in Philadelphia had instructed him not to extend the time for occupancy.

There had just been a heavy fall of snow which in places had drifted to a depth of five to six feet. Many of the roads were unbroken and conditions for handling a job of this character were about as unfavorable as could be,—in fact, it seemed practically impossible to get the pipe on the ground. Mr. Benson, however, insisted that the work must be done. Both Lufkin and Beamer were told to drop everything else, hire every team capable of hauling a joint of pipe, and work from both ends. Some of the pipe was hauled more than 40 miles, and teams that left the railroad with a fair load, after spending several days on the road, arrived with one and two joints of pipe, having had to unload the balance along the way in order to get through. Some of the pipe that had been laid on other lands was taken apart and transferred to the Bingham lands. The job was difficult, the cost high, but the work was done within the time with a margin of seven hours to spare.

Later, a chain of farms across Lycoming County was purchased; among others that of George Beeber, who had promised a grant for our pipe line but had not given it. For a time it seemed that we were at last effectually blocked, but the Engineers by this time were trained to meet emergencies. Warren, a natural sleuth on titles and boundaries, after careful search concluded that there was a strip of vacant land between the Beeber farm and the one north of it, sufficiently wide for a pipe line. This was verified and a strip of land about 16 ft. wide was located by survey and a patent for it acquired from the State, and on this strip the line went forward.

After the line was in operation, other means of injuring it were resorted to, such as buying the refineries to which oil was furnished; attacking the Company's credit; and finally, through the traitorous connivance of D. B. Stewart, then Secretary of the Company, a Rump Stockholders'

meeting was held in Titusville during the absence of Mr. Benson and Mr. Hopkins and against the repeated protests of Mr. McKelvy. The regular meeting had been postponed, so Mr. McKelvy was not only alone but wholly unprepared; but his intelligent action blocked the attempt to steal a majority of the Board of Managers. Stewart's great indebtedness to Mr. Benson made his action the more despicable; but I am happy to say that his has been the only case of disloyalty on the part of an employe in the history of the line.

Lombard, Ayres & Co. were the only refiners supplied with crude by the new line who refused to sell their plant, and they remained always loyal, firm friends of the Company. After the line's extension to the seaboard, the Chester Refinery, which had been built at Thurlow, Pa., was consolidated with the Ocean Refinery which had been built at Bayonne; and on January 1st, 1888, the Tide Water Oil Company was formed, absorbing the Ocean Oil Company, the Polar Oil Company and Lombard, Ayres & Company.

In spite of numerous serious obstacles, Mr. Benson never lost courage, and his confidence in the ultimate success of the Company and his tenacity and forcefulness secured for him the loyal support of the other members of the Board, Messrs. McKelvy, Hopkins, Gowen and Keene, together with that of a majority of the stockholders. In the early 80's the late Samuel Q. Brown became connected with the Company, and through his wide acquaintance in financial circles and his practical knowledge of finance gave the Company valuable assistance. He was elected its President in 1893, and held the office during the remainder of his life. His death occurred on October 5th, 1909.

The men who conceived, then worked out, the idea of constructing the Tide-Water pipe line deserve a prominent

place in the history of modern transportation. The enterprise in which they risked their entire fortunes was an experiment, demanding the solution of problems new in hydraulic engineering, and new methods of construction and equipment. That these problems were intelligently solved the success of the line bears ample witness.

Among those actively engaged in this work Messrs. Benson, Benton, McKelvy and Hopkins were most prominent; it is only fair, however, to mention some of those who as Managers, minor officers and employes have served the Company loyally and efficiently. Prominent among these were the late S. Q. Brown, A. A. Sumner and J. H. Cuthbert, Managers; J. H. Dickson, A. C. Hawkins, J. P. Calvert and J. E. Golden, Superintendents; E. C. Hoag, W. S. Batchelder and C. W. Burtis, Comptrollers; J. A. Pickett, Henry Byrom, J. C. Edmondson, C. G. Dorn, John L. Stevens, C. E. Benton, C. S. Barr, D. C. Wilcox, A. J. Laumer, George Baptie, J. R. Martin, Howard Stone, Fred Moody, J. J. Havey, and John Schall. Havey has practically kept up the original pipe line and Schall the original telegraph line since their completion. Schall had charge of a boarding camp during the construction of the original pipe line, and two of his descendants are now employed in the Company's service.

In 1909 a western extension of the line was constructed from Rixford, Pa., to Stoy, Ills., a distance of 546 miles, and seven new pumping stations were added, equipped with modern machinery. The capacity of the old line between Rixford and Bayonne was also considerably increased by the addition of loops. The Company now has in operation 828 miles of six-inch and 1,929 miles of other sizes of pipe, 13 Main Line and 20 Local Stations. The capacity of the eastern line is in excess of 10,000 bbls. per day, and at least 3,650,000 bbls. of crude oil are pumped through it yearly.

The first right-of-way grant for the Western Line was taken by L. E. Larrabee on April 22nd, 1908. The first pipe was laid August 1st, 1908, the pipe in this Western Line being made of basic steel. The first telegraph poles were erected August 3rd, 1908. The pipe line was completed April 13th, 1909, and the telegraph line on April 10th, 1909. Work of testing the line with water began on May 11th, 1909, and the first oil reached Rixford at 7.15 A. M. July 7th, 1909.

Our line opened the way for others. In less than a year after its completion another 6" line was well under way from the Bradford oil field to New York. The success of the Tide-Water Pipe Company proved to be the dawn of a new era in transportation of petroleum and made possible the rapid extension of the business to all parts of the world. During the intervening years transportation by pipe line has had an enormous growth and many lines, some of them larger than 6", have been constructed for oil, while still larger lines have been built for the transportation of natural gas. The Standard Oil interests alone have in operation more than 20,000 miles of oil pipe lines 6" in diameter and larger, one of their lines being more than 2,000 miles in length. I have been reliably informed that the freight carried in their system of oil lines, at a recent date, was greater in ton mileage than that carried by the entire Hill system of railroads. The quantity of gas transported by pipe line is also enormous. As an example, one gas company alone in Western Virginia last year transported through 200 miles of pipe an average of 7,000 tons of gas per day. This is equal to 15,000 tons or 375 carloads of 40 tons each of coal per day, and represents but a small percentage of the gas marketed in this manner. The Pure Oil interests have three pipe lines from the Pennsylvania and West Virginia oil fields to the seaboard, two of them for refined and one for crude oil. The Texas and

Gulf Companies have pipe lines from Oklahoma to the Gulf of Mexico. The Associated and Union Oil Companies each have pipe lines 250 miles long in California, and the latter has a line across the Isthmus of Panama. There are also lines in operation in Mexico, Russia and Roumania. The Standard Oil lines alone have an estimated money value of $175,000,000.

MR. GOLDEN WAS FOLLOWED BY MR. LEWIS, GENERAL COUNSEL OF THE COMPANIES, WHO SPOKE AS FOLLOWS:

You put me at some disadvantage by requesting me to respond to the toast "David McKelvy" when I was supposed to respond to "The Law." These two subjects are so closely connected, however, that to deal with the one must of necessity embrace the other.

As first Counsel of the Company, Mr. McKelvy blazed the way. He did more than that, he constructed a way, and that way has been easy to follow and has led to success beyond his highest hopes. He planned and directed every formative and executive act of the enterprise. This work was organic, fundamental, differing greatly from the simple task of operating the established institutions. Well-planned construction makes operation simple.

To appreciate the task of the man who formulated these policies, you should know that the Limited Partnership Law, under which the Company was organized, was the first of its kind and was enacted in 1874. The Company was formed in 1878. There were no precedents to follow; no forms in the books; every application and interpretation of the law must be worked out on the principle of first impression. As his first successor, I am sure that I appreciate better than anyone the great tasks put upon him and his remarkable success in meeting conditions imposed. When we consider the difficulties encountered, the success attained, the manner in which grave questions were met and correctly solved, often without time or opportunity for mature consideration, the guiding spirit seems quite like intuition or inspiration. We call such accomplishment the result of genius. He, no doubt, would tell us it was simply hard work.

One incident may illustrate how Mr. McKelvy acted in emergency. In 1883 the Managers had agreed to postpone the regular election. At the time provided by the by-laws, a number of stockholders appeared, proceeded to organize and hold an election. Mr. McKelvy was practically alone, and he was opposed by some very bright lawyers who had planned and prepared this surprise. There was no time for consideration; these mature plans had to be met instantly. His first move was to adjourn. With his proxies he had votes sufficient to carry, but the presiding officer refused to so declare. He appealed from the chair, but by throwing out his proxies, the appeal was said to be unsustainable. Tellers were appointed against his offered majority vote. In the so-called election, he cast his own votes and his proxies, constituting a legal majority, but the tellers refused to count his proxies. Every act on the part of Mr. McKelvy had to be decided upon as the occasion rendered action necessary by the fully developed plans of his adversaries. Is it not remarkable, when the action was investigated and reviewed by the courts with mature consideration, that not a mistake was found to have been made on his part?

If you ask me what has been accomplished under the present legal administration, I can best illustrate by a story:

Within a stone's throw of our Honeoye Pump Station is a place known as the Mills Farm. The owner, Herkimer Mills (known as "Herk"), lived with his mother and twenty-four dogs, the latter being kept to annoy his neighbors. "Herk" was the most litigious man I ever knew. He would willingly pay the cost of a lawsuit for the pleasure obtained in annoying his adversary. He had the most peculiar dry hack which took the place of a laugh and usually introduced every subject or remark, and was never

accompanied by the slightest wrinkle in his face or change of expression. At one time and another, he had enjoyed suits with every one of his neighbors upon every conceivable subject. At his last visit to our courts, he was asked how he was getting on. He replied: "Khi! Khi! All right, my lawyer's got my farm."

When I came to you, it was in the capacity of Attorney of The Tide-Water Pipe Company, Limited. That Company then owned its line, sundry stocks, and the entire stock of the Tide Water Oil Company. The stock of the Pipe Company was worth a thousand dollars a share, and it paid dividends at the rate of one hundred per cent. Nearly seven years have passed, and tonight the Tide Water Oil Company owns the Pipe Company, body and soul—if it is proper to consider such a company as having a soul. But I should not speak lightly of the profession, especially at this time and occasion.

The process by which this change was brought about has been styled a trick of the law. It was a simple business-like transaction, accomplished by two contracts covering a page of typewritten matter. The Oil Company was a New Jersey corporation, having an authorized capital stock of Five Million Dollars, owned by the Pipe Company. The Pipe Company had a capital stock amounting to six hundred and twenty-five thousand dollars, and Loan Certificates of one million, three-hundred and seventy-five thousand dollars, owned by the individual stockholders.

The Oil Company increased its capital stock to twenty million dollars, and then had fifteen million of stock which it could sell. The Oil Company contracted with the stock and certificate holders of the Pipe Company to exchange its stock for the stock and Loan Certificates owned by the respective stockholders in the Pipe Company, thereby the Oil Company becoming the owner of the stock and Loan

Certificates in the Pipe Company. It was then a simple transaction of exchange between the two companies. The Oil Company surrendered the Loan Certificates to the Pipe Company and these were cancelled; and the Pipe Company surrendered to the Oil Company its five millions of stock in the Oil Company. These exchanges were made upon the basis of market value, viz: Oil stock at par, and Certificates at one thousand per cent.

If your former General Counsel and honored guest were heard in response, he would agree with me that the best service your legal advisers can render to the Company is to lead you to profound respect for the law and obedience to the last degree. I am sure, too, that he would join me in condemning the so-called modern reform which would do away with the Constitution, which has proved the safeguard and fundamental guide of the greatest system of laws the world has ever known. Although in these days of many laws it may not be easy to point out "Thus saith the law," yet we must admonish respect and obedience in the best light we are able to obtain.

In the law, as in every department of this vast business enterprise, our fidelity is enjoined by the high ideals of business integrity which have characterized the actions and ruled the motives of those who have preceded us.

IN RESPONSE TO THE TOAST "THE ASSOCIATED PRODUCERS COMPANY" MR. BROWN SPOKE AS FOLLOWS:

At the Boston Tech. reunion recently held, the statement was made that it was possible to make an engineer out of a man, but you could not make a speaker out of an engineer. I feel sure that I am an engineer tonight. I am afraid I shall break a law of Rhetoric. Rhetoric is the art of speaking correctly. Goodness only knows it is hard enough to write "Associated Producers Company" correctly, but please, oh! please, don't ask us to speak it correctly.

We are not as old as Mr. Golden and the Tide-Water Pipe Company; we started in about the time Mr. Lewis got Herk Mills' farm. We think, however, we are of the greatest importance to the Tide Water organization. You may talk about your refiners and your pipe lines, but if you haven't the crude oil, it is "Good Night Nurse!" The drilling of oil wells is a very, very old affair. I can well remember reading about that man in the Bible who struck the rock and got water, and I want to tell you that to-day many another good man is striking rock for oil and getting water.

Back in 1884, on September 4th, such men as H. L. Taylor, John L. McKinney, John Satterfield, Henry Fisher, Captain Vandergrift, Captain Jones, Daniel O'Day, E. O. Emerson and others met in the historic St. James Hotel, Bradford, Pa., and organized this company. The capital was $1,000,000.00, only $800,000.00 of which was immediately issued. H. L. Taylor was elected President and W. H. Johnson Secretary and Treasurer. On November 20th, 1884, Mr. George V. Forman was elected President and held that office until the ownership of the Company was changed.

In the beginning of the nineties,—to be exact, on January 28th, 1890, the Managers of The Tide-Water Pipe Company voted to buy all or as much as they could of the stock of the Associated Producers Company at about 95, but not to exceed par. This was the start of the trouble. It cost a large amount of money, and soon after the purchase the price of crude began to tumble. The Managers of the Pipe Company were kept busy loaning money to finance this producing company. All was dark. Even now, should you ask one of the Directors, he will tell you that the purchase was not much of a bargain; and yet what was the result? In the twenty years to December, 1910, $880,000.00 was paid in dividends, all indebtedness was paid with interest, and more than the original investment was returned in these dividends.

Immediately after the purchase, Mr. N. V. V. Franchot was elected President and continued to act in this capacity until he was succeeded by Mr. J. H. Cuthbert on January 22nd, 1895. Mr. Cuthbert was in turn succeeded, upon his death in 1903, by Mr. S. Q. Brown, who served until 1908 when the great honor of that office was given to me.

At the end of the first year after its organization the Company had 31 wells, and now we have 2,000 wells and a daily production of 3,000 barrels. In 1886 the Company purchased from John McKeown a property known as the Bingham leases, for the sum of $405,000.00. These leases are still owned by the Company and its books show since 1890 a profit in operating them of more than $1,000,000.00. We went to West Virginia, Southeastern Ohio and Corsicana, Texas. On November 28th, 1905, we purchased our first lease in Oklahoma. Soon after, on March 17th, 1906, we purchased in fee the Corbray farm, containing 160 acres, for $12,000.00. These 160 acres have since produced over 3,000,000 barrels of oil. In June, 1908, we purchased the entire holdings of Treat &

Crawford in Illinois for $1,200,000.00, and this purchase price has been returned in full with interest, and the property has earned a good profit besides. The possession of this property enabled The Tide-Water Pipe Company, Limited, to operate its Illinois extension to full capacity from the moment of completion.

We have some production in Illinois, but as that field has become defined, we cannot hope to furnish enough crude there to satisfy the demands of your refinery. We must go elsewhere and secure production so that the refinery will always be able to run to capacity without being forced to pay an unreasonable price for crude oil. We are well organized in Oklahoma and the producing we are doing there is carried on at a handsome profit. The personality of our working force is unexcelled. I defy anyone to show me the equal of Mr. Haskell and Mr. Hane and Mr. Williams as oil-getters and office managers. I say to your Pipe Line men, "Come out to Oklahoma!"

Never, because of our success, have we been accused of dishonesty or have we become so rich as to be indicted. We are again in debt, and we hope to be more so. And, if we are given the word to borrow money, we will give you all the crude oil you may want forever and ever, amen. And in the meantime we will make so much money for the stockholders of the Tide Water Oil Company that they will become "Class A" Income Tax payers. The Associated Producers Company is right in front of the alphabet, and we are in front of the producing business and mean to stay there; and we have the Okla Oil Company as a sort of rear guard to gather up anything that we are too overloaded to carry.

The oil producers came ahead of the refiners and the pipe line men, and I believe it is of the utmost importance that you should all realize that a sure crude supply is the salvation of your Company. The crude supply of the

world is not unlimited. This year may be the maximum, or next year, or the next. Be that as it may, we must put our house in order and use foresight, so that when that time does come we shall have our lamps filled and can keep in the procession.

We own 2,000 oil wells, have produced millions of barrels of crude, and have drilled probably 3,000,000 feet of hole in various parts of the United States, so we claim we are not inexperienced. The Tide Water capital is $24,000,000.00, and there are three large divisions to the Company, and we ask you now to let us use one-fourth of the capital, or six million. When you feel the warmth of big dividends you will then be asking us to employ more of your funds.

My time on tour is up, the wells are striking fluid; I must hook off the power. I thank you.

THE LAST SPEAKER WAS MR. N. V. V. FRANCHOT, WHOSE ADDRESS FOLLOWS:

I have listened with great interest to the gentlemen who have preceded me, for they have brought back a flood of recollections of my early days. In my first days in the oil country I was an employe of the Columbia Conduit Company, then under the management of those who afterwards formed The Tide-Water Pipe Company, Limited; and it seems to me that in speaking of The Tide-Water Pipe Company it can fairly be assumed that its beginning was when Mr. B. D. Benson, Major Hopkins, Mr. McKelvy and their associates became the lessees of the Columbia Conduit Company. Therefore, I think I can with consistency claim that with exception of Mr. A. W. Golden I am the oldest employe of The Tide-Water Pipe Company. I am still on the payroll, although I have not been continuously since 1875. My salary at present, I believe, is $15 per month; I wish to say to the Directors that I do not speak of my munificent salary for the purpose of informing them that I am about to apply for a pension.

It seems but yesterday that, while going with Mr. Benson from Titusville to Millerstown, Butler County, early in August 1875, he gave me the opportunity to choose between office or outside work. I chose the field work; he said it would be dirty, hard work, but commended my choice. A gauge pole and a monkey wrench were my insignia of office. Later, when I was made foreman of the Millerstown district, I was brought directly under the General Superintendent, Mr. J. G. Benton, a most practical and resourceful man, to whom is due more than to anyone else the credit for the present approved methods of pumping oil long distances. An able, lovable man who all through his life, though a very busy man, always found time to do kindly things for others.

Pipe lines of 1874, '75 and '76 bear about the same relation to the pipe lines of to-day as the stage coach does to the Pullman car in railroad transportation. The project of Dr. Hostetter in building 35 miles of three-inch pipe was larger in the minds of men in 1874 than the building to-day of a line from New York to San Francisco. In those days we learned things by our own experience, often very costly. My old friend Andy Golden refers to the fact that in building the Tide-Water line there was too much pipe used and when the hot weather came the expansion pushed it all over the lot. On the other hand, the Columbia Conduit line when laid was too short, and when the cold weather came, contraction pulled the line apart and more pipe had to be added—but after considerable oil had been lost.

There were seven lines taking oil from the producers in 1877 when the Standard Oil Company bought them all out, and I think the only line that continued in business in Butler County, for some time at least, was the so-called United Lines, the Standard Company. It would seem strange to an oil producer to-day to have six or seven pipe lines connected to his tanks, every one of them ready and anxious to take his oil, but that was the situation in Butler County until the different lines were absorbed by the Standard Oil Company. We used to be extremely courteous to the patrons of our lines, and if we were not on hand to take the oil promptly, or if the tank did not quite run down to the usual measure, we would have presented to us the ghost: "the other line will do it for us if you won't."

When Mr. Benson and his associates, as our toastmaster has stated, purchased the right-of-way of the Seaboard Pipe Line Company, and while they were perfecting it, I was employed during the late spring of '78 to take possession of part of the right-of-way running through Arm-

strong and Indiana Counties. My instructions were to look up the roads for getting in the pipe, size up the physical difficulties, buy telegraph poles where they could be purchased along the right-of-way. I have often wondered if all of those telegraph poles were delivered; I know payments on account were made. I think perhaps I may have done the last work in the matter of the right-of-way on the Seaboard line, for very soon after I was called in the Tide-Water project took definite shape.

When it was decided by the management of the Tide-Water to purchase producing property, I was put in charge of that department and for five years, from 1889 to 1894, was the president and manager of the Associated Producers Company, to which Mr. Brown referred. It may be of interest to you younger men to know that the organization of the Associated Producers Company resulted from the getting together of the more prominent and active producers during the year 1884, I think, for the purpose of trying to control production and to eliminate competition as between themselves in acquiring prospective oil territory; hence the name, Associated Producers. There had been a great scramble and large prices paid when the Thorn Creek field in Butler County was opened up; production increased rapidly, due to each producer endeavoring to get all he could, and the consequent reduction of prices occurred.

I have always believed that a pipe line should own its own production, its own refineries, and have its own marketing organization; and it is my judgment now that it is the part of wisdom for the management of the Tide Water Oil Company to add to its holdings of oil producing property so that the day be not far distant when it will produce all of its own raw material. Then, with its pipe lines to transport and its refineries to manufacture, no legislation or agitation need be feared, and the stockholders could

rest secure in the thought that their investment would be perpetuated.

I recall the anxieties and worriments of Mr. Benson and his associates in the early days of the Tide-Water's existence, the nerve and sagacity that they showed when their all was in jeopardy and failure meant not alone the loss of property but the humiliation of defeat. That nerve and sagacity challenged my admiration then as it does to-day, after a lapse of a generation. I know it is a comfort to Mr. McKelvy, present tonight, who stood shoulder to shoulder during those struggling days with his friend, that Mr. Benson lived long enough to taste the fruits of success and victory.

I have read somewhere an incident in the life of Benjamin Franklin, that great commoner, that in one of his convivial moments with congenial companions a cask of old Madeira wine was opened and out flew a fly. He, raising his glass, said: "Oh, could I but have the charmed life of a fly, that I might go to sleep and awaken an hundred years hence and see the growth and glory of my beloved Country." So I say, if Mr. Benson—God bless his memory—could awaken to-day and know the continued prosperity of the Tide-Water, I know he would say (if I may be permitted to paraphrase): "Well done, my good and faithful sons."

ADDENDUM

Mr. Samuel Dickson, of the old law firm of Bullitt & Dickson, has a very distinct personal recollection of the part played by his firm in the legal struggles of The Tide-Water Pipe Company, Limited, more than thirty years ago. The assistance rendered by them in the organization of the Company and in its early legal battles was of the greatest importance. It is with great pleasure, therefore, that we are enabled to include in this little pamphlet a let-

ter from Mr. George S. Munson, a member of Mr. Dickson's present firm, and a statement from Mr. Dickson himself, covering an important phase of the history of the Company.

Philadelphia, May 6, 1914.

Mr. Robert McKelvy,
Titusville, Pa.

My dear Mr. McKelvy:

I am enclosing herewith a statement from Mr. Dickson in reference to his connection with The Tide-Water Pipe Company, Limited.

Mr. Dickson went over the old briefs we had in the matter, and also over Judge Church's opinion in the proceedings. He at first said that he had nothing to add to his brief before the Supreme Court in the Satterfield cases, but afterwards dictated a statement.

I wonder if you have a copy of our briefs and arguments in the Patterson and Satterfield cases? I read over Mr. Dickson's and Mr. Dale's (his partner) brief before the Supreme Court in the Satterfield cases, and I do not think they ever made a finer legal argument. I wanted to send this to you, but Mr. Dickson disliked having it leave the office as it could not be replaced. If you have never seen the argument and would be interested, I would be glad to have you stop in here any time and look it over.

Sincerely yours,

(Signed) GEORGE S. MUNSON.

IN RE TIDE-WATER PIPE COMPANY, LTD.

The Tide-Water Pipe Company was formed in November, 1878. My impression is that it was organized by Mr. McKelvy, as counsel, and we were not consulted until later. The questions arising were, I think, chiefly those relating to rights-of-way, which could only be obtained by negotiation, as the Company had no right of eminent domain. We were consulted very frequently as to the general affairs of the Company, as it contemplated at one time running a line down to Baltimore in addition to the one connecting with the Reading System.

The only litigation which I recall was that growing out of the filing of a bill by E. G. Patterson for the appointment of a receiver. The parties were very much alarmed, owing to their belief that the judge would be glad to put a friend in possession as Receiver, though his subsequent opinion showed that he was acting very intelligently and courageously in the case. Mr. McMurtrie went up from this city to represent the plaintiff, and when the case came on to be heard Mr. Bullitt also went up. His cross-examination of Patterson was one of the most masterly I ever heard. It was suspected that Patterson was acting in the interests of the Standard Oil Company, and had received money from that company with which he had paid for his subscription, but the fact was not known, and at first Patterson was very defiant and denied the insinuation; but Mr. Bullitt was persistent and so questioned him as to lead him to think that he knew much more than he really did, and finally, after some hours of cross-examination, Patterson completely broke down and admitted that he had been acting as the tool of the Standard Oil Company. It was a most dramatic scene, and it was said that Patterson never recovered from the effect of his exposure, and, I

think, died shortly after. It completely took the heart out of the plaintiff's counsel, and Judge Church delivered a very sound and able opinion, which is reported in 12 W. N. C. 452.

While this suit was still pending, some of the shareholders, who were also members of the Union Oil Company of Buffalo, and interested in the Standard Oil Company, undertook to carry the election for officers by a trick. Mr. McKelvy was the only official present, and he managed the matter with great skill and judgment, and I drew and filed a Bill in Equity which Mr. F. B. Gowen and myself afterwards argued in Meadville, and Judge Church delivered a very satisfactory opinion, which is reported 12 W. N. C. p. 457, enjoining the officers who were declared elected from acting as such. The defendants appealed to the Supreme Court, and I argued the appeal, which was subsequently dismissed; as it was from an interlocutory decree, no opinion was delivered by the Supreme Court.

After this, it is my recollection that the Company was no longer molested by the Standard Oil Company, and, having completed its connections over the Reading System and the Jersey Central to New York Harbor, the First National Bank group bought a large interest and afterwards financed the Company.

Mr. Bole, of Meadville, was the local counsel, and a man of very good sense, for whom I had a great regard. He was subsequently unfortunate in business.

My recollection is that in the preparation of these cases I was obliged to visit Meadville several times, and on the occasion of the argument of the second case, Mr. Gowen, who went up to take part, undertook to say that our proceeding to file a Bill in Equity for an injunction was all wrong, but, having secured a postponement of the argument, he called a conference and then for the first time read the Act of Assembly under which the Company was

organized, and found that we were right and he was wrong.

Throughout all the proceedings, Mr. McKelvy was a most intelligent and satisfactory colleague, and no enterprise ever had a safer or more competent adviser.

(Signed) SAM'L DICKSON.

May 6, 1914.

Titusville, May 11, 1914.

Dear Mr. Benson:

I am enclosing letters from both Mr. Geo. S. Munson and Mr. Dickson.

Father says that the firm of Bullitt & Dickson was consulted and was employed in the organization of the Pipe Company. The mention Mr. Dickson makes of the cross-examination of Mr. E. G. Patterson is all news to me, but Father recalls it all distinctly and attaches the same importance to it that Mr. Dickson does. Of course we all know that Mr. Patterson lived until long after this litigation.

Yours truly,

(Signed) ROBERT McKELVY.

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TITLE